Government of
Saskatchewan

Annual Report

2000

Saskatchewan
Milk
Control
Board

SIXTY-SIXTH ANNUAL REPORT

FOR THE TWELVE MONTHS

ENDED DECEMBER 31, 2000

SASKATCHEWAN MILK CONTROL BOARD

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101-06631/

SASKATCHEWAN MILK CONTROL BOARD

Honourable Lorne Calvert
President of the Executive Council
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Sixty-Sixth Annual Report of the Saskatchewan Milk Control Board, together with the financial statements for the year ended December 31, 2000, pursuant to the Provisions of Section 27 of *The Milk Control Act, 1992.*

Respectfully submitted,

THE MILK CONTROL BOARD

Shelley Slykhuis
Chair

SASKATCHEWAN MILK CONTROL BOARD

BOARD MEMBERS

The Board is comprised of five members appointed by the Lieutenant Governor-in-Council. The Board members are:

CHAIR

Mrs. Shelley Slykhius, Carlyle

MEMBERS

Mr. Leonard Blocka, Prince Albert
Dr. David Christensen, Saskatoon
Mr. Henry Friesen, Langham
Mrs. Lee Ann Tessier, Birch Hills

OBJECTIVES AND ORGANIZATION

The Milk Control Board is a body corporate established pursuant to *The Milk Control Act, 1992*. The Board plays a key role in the establishment and administration of Saskatchewan's dairy policy. It works closely with producers, processors and government agencies to develop policies which provide efficient producers of milk the opportunity to obtain a fair return for their labour and investment, while providing consumers with an adequate supply of good quality dairy products at a reasonable price. The Act empowers the Board to make regulations or orders relating to the production, supply, pricing or sale of milk and to inquire into or conduct hearings pertaining to any of the foregoing. The Act also allows the Board to enter into contracts and other agreements that the Board considers appropriate to carry out the objectives.

The Board works closely with the dairy industry and strives to balance and serve the interests of all dairy stakeholders--producers, processors, consumers and government. The Board provides a framework for the federal/provincial Milk Marketing Plan and Western Milk Pooling Agreement that is critical given the shared jurisdiction in the industry.

Over the past sixty-five years, the policies and regulations advanced by the Milk Control Board have become increasingly complex. During this same period, the dairy industry has experienced major rationalization and centralization which has resulted in the loss of processing activity and employment in many centres in Saskatchewan.

INTRODUCTION

Two significant policy and program developments impacted on how the Board administered Saskatchewan's dairy policy. The first change occurred as a result of modifications within the domestic supply management system. The Canadian Milk Supply Management Committee (CMSMC), comprised of provincial marketing agencies and the CDC, establish policies to coordinate the administration of the national milk supply management system. The CMSMC established a Special Committee to address certain inequities in revenue sharing and quota allocation within the national system. In July, 2000 the CMSMC adopted the findings of that Committee. The most significant changes stemming from that report were to make the quota allocation criteria for industrial milk production more sensitive to market needs throughout the country; and to provide for a more equitable sharing of revenues and contributions within the national pool by the western provinces.

The second change made in system administration resulted from Canada's response to the World Trade Organization (WTO) appellant body ruling on milk and milk product exports.

During 1999, the Board and the Canadian Dairy Industry awaited the results of the WTO challenge initiated by the United States and New Zealand on Canadian dairy export practices, and by the United States on the rules governing the importation of fluid milk. The report by the WTO Panel indicated that Canada was in violation of its export subsidy commitments and the administration of Tariff Rate Quotas (T.R.Q.) for fluid milk. While Canada lost its case on both issues before the Panel in July, 1999, the Canadian government appealed the Panel's decision. The appeal challenged the findings of the W.T.O. Dispute Settlement Panel regarding Special Class pricing.

On October 13, 1999, the World Trade Organization Appellate Body released its report. Canada was successful in overturning the effect of the Panel ruling on the fluid milk T.R.Q. However, a change was required involving the $20 limit for the importation of dairy products. This means Canada can continue to limit imports of fluid milk to cross-border purchases by Canadian consumers.

With regard to the export of special class milk, the W.T.O. Appellate Body confirmed the Panel ruling that some segments of Canada's Special Class system constitute an export subsidy. They went on to support the ruling

that the payments were financed by virtue of government action through Marketing Boards and Agencies.

The Appellate Body findings have no direct impact on supply management for the domestic market, but restricts the activities of Marketing Boards and government agencies in export markets. The Board recognizes that with the Appellate Body ruling, changes were required as to how the system operates. To accommodate this, the Board participated in national activities to develop and strengthen the industry infrastructure to meet the ruling of the W.T.O. Appellate Body.

In concert with other provincial Boards and the CDC, the Saskatchewan Milk Control Board introduced the Commercial Export Program, and with it significant changes in the way producers and processors/exporters would undertake the production and marketing of milk and milk products for export sale. The program involved complete separation of the domestic and export markets, with processors contracting directly with producers for export sales. The Board removed itself totally from the export marketing activities except to audit all milk produced in the province to ensure no export milk entered the domestic market. The program implementation period was successfully completed within the province, as well as on a national basis. Saskatchewan, other provincial Boards and national agencies are confident that the changes made to acommodate export activities places Canada in full compliance with the WTO ruling.

Another measure taken to ensure compliance with the WTO ruling was to eliminate Special Class 5e, and to confine export activities associated with the quantitative restrictions to Special Class 5d.

Board members are cognizant of the concerns of Saskatchewan producers and processors regarding the significant impact being imposed on the Canadian dairy industry from the W.T.O. decision as well as from other domestic sources.

The Board continued to ensure representation and input from all sectors of Saskatchewan's dairy industry in its decision making processes through its Advisory Committees. The Board members and Advisory Committees devoted considerable attention during the past year to analysis of the implications of various forces on the national, regional and provincial industries and the development of alternative strategies which will maintain and promote a strong, viable dairy industry in Saskatchewan. Since change is inevitable, the Board has sought to manage the changes within its jurisdiction to optimize the benefits to the Saskatchewan dairy

industry and its consumers.

MILK PRODUCTION AND UTILIZATION

There are two marketing structures for milk in Canada. The federal government's authority to regulate the marketing of fluid milk is delegated to the provinces. The Canadian Dairy Commission, a federal crown corporation, collaborates with the provinces in the administration of the supply management system for industrial milk.

Each province in Canada regulates the production and manufacturing of milk within its own borders and sets pricing procedure, quota policies and other regulations. Marketing activities related to industrial milk which was manufactured into products that were shipped across provincial boundaries, were carried out according to the terms and conditions of a federal-provincial agreement, the National Milk Marketing Plan.

The year under review saw an increase in milk marketed by Saskatchewan milk producers. Producers shipped 214,379,921 kilograms of milk to the fluid milk pool in 2000. This represented an increase of 4.0 million kilograms, or a 1.91% increase from the previous year (Table III). Producers received a total value of $120,324,471 in 2000, which represented a 3.55 percent increase from 1999.

The average number of milk producers decreased 5.47% percent from 402 in 1999 to 380 in 2000. The average daily shipment per producer increased from 1,434 to 1,541 kilograms per day, an increase of 7.46% (Table III). Although the total milk production increased, Class 1 milk, or milk processed in Saskatchewan for fluid consumption decreased and accounted for 81,948,786 kilograms of milk in 2000, a decrease of 2,761,275 kilograms or 3.26 percent compared to 1999. This decrease in milk processing within Saskatchewan reflects the realignment of milk processing within the Western Region under the Western Milk Pooling Agreement. Some milk processed and sold in Saskatchewan was brought in by processors from the adjoining provinces.

The Canadian dairy industry operates on butterfat quotas and on a "dairy year" basis which runs from August 1 to July 31 of the following year. In Saskatchewan, producers shipped a total of 7,725,064 kilograms of butterfat during the 1999-2000 dairy year (Table IV), representing a utilization of approximately 101.9 percent of the provincial yearly quota allotment. The average butterfat test on all milk was 3.62 percent per hundred kilograms, a slight increase from the 3.60 percent average from

the previous year.

In August 2000, the Board allocated all of the province's total yearly milk quota to milk producers. Based on production levels from August 1, 2000 to December 31, 2000 and quota allocated to producers, the Board determined that the province's total yearly butterfat quota allotment of 7,681,111 kilograms of butterfat would be fully utilized by approved milk producers during the 2000-2001 dairy year.

PRODUCER POOLS

The Saskatchewan fluid milk pool successfully completed its twenty-fifth year of operation.

The Board maintained a single milk pool system for both fluid and industrial milk. Under pooling, the Board has the responsibility for purchasing all milk from registered milk producers and selling it to the processors. Each producer was allocated a quota based on Saskatchewan's quota policy and designed to meet the province's quota needs.

Multiple Component Pricing (M.C.P.) was implemented in Saskatchewan on August 1, 1999. This decision was in keeping with commitments made by Saskatchewan when the Western Milk Pooling Agreement was signed in 1997. To assist with the change, each active milk producer in Saskatchewan received income comparisons of their farm for the 1997-98 dairy year and monthly comparisons for the 1998-99 dairy year. The comparisons outlined the actual income received and the estimated income that would have been received under the new quota and M.C.P. system. With M.C.P. there should be greater equity among producers and processors. Also, because of the increased trend to low-fat dairy products, there is a need to place new emphasis on protein and other milk solids. Under M.C.P. producers receive the true value of the total solids in the milk they supply and processors pay according to the components they receive. For example, more protein in the milk enables processors to obtain a higher cheese yield and therefore price the milk accordingly.

Under the new payment system, producers recognize that protein and other solids are being valued and it is expected that protein will continue to increase in value in relation to butterfat. Overall, M.C.P. should provide a mechanism for the dairy industry to be more market responsive as the demand for various components continue to evolve in the future.

The price of Class 1 milk was increased by 1.96 cents per hectolitre on

October 1, 2000. This milk price increase raised producer returns on Class 1 milk from $62.83 to $64.79 per hectolitre. The price increase was triggered by the Alberta pricing formula, the pricing mechanism agreed to by the provinces participating in the Western Milk Pool. The price increase was due primarily to higher feed costs and wages.

At the Federal level, the Industrial Target Return Formula price (Classes 2 to 5) was increased on one occasion, February 1, 2000. As of this date, the support price for skim milk powder increased from $4.5247 to $4.6842 per kilogram and for butter from $5.4667 to $5.5407 per kilogram. The following increases were included in the support price calculations: $0.83 per hectolitre market adjustment to producers for the reduction in dairy subsidy effective February 1, 2000, and a reduction in the federal consumer subsidy by $0.85 per hectolitre. This latter adjustment will be recovered from the marketplace and passed on to producers. There was no change to the assumed processor margin as a result of this decision.

In August 1995, dairy stakeholders implemented Special Class milk pricing and pooling. This has been designed to better accommodate the dairy industry and the World Trade Organization. This allowed dairy processors and other food processors to remain competitive on domestic and global markets.

This pooling system is administered by the Canadian Dairy Commission and provides milk to food manufacturing processors and exporters at competitive prices. Returns for the milk sold as Special Class milk are pooled among all dairy producers in the nine provinces which are signatories to the National Milk Marketing Plan.

Under the second pooling arrangement, known as the Western Milk Pool, the revenue from all milk sales (fluid and industrial) is pooled among the producers of British Columbia, Alberta, Saskatchewan and Manitoba. The agreement generates new opportunities, new challenges, greater industry and greater flexibility for processors in the four western provinces. It ensures producers a more predictable and stable environment and allows processors to rationalize their plants to improve efficiency and competitiveness.

During 2000, the Saskatchewan dairy industry continued to adapt to the new pooling structure in Western Canada.

The distribution of dairy units and average quota allocation are depicted in Table I.

TABLE I (Unaudited)

FARM TYPE AND QUOTA ALLOTMENT, 1999 & 2000 (AUG. 1)

	1999 Daily Quota		2000 Daily Quota	
	Number	Ave. (kg b.f.)	Number	Ave. (kg b.f.)
Single Proprietor	197	37.35	174	39.90
Limited Company	57	83.99	60	86.11
Colony	50	72.74	50	75.88
Partnership	98	50.31	90	55.64
Total	402	61.09	374	64.38

MARKETING AND TRANSPORTATION

At year-end, the Board marketed milk to three Saskatchewan processing plants, one fluid plant, one combination (fluid/industrial) and one industrial milk plant located in Saskatchewan.

Transporters of raw milk continued to restructure raw milk pick up to increase efficiency. The average basic rate remained constant during 2000 (Table II). In 2000, the cost to transport the 214,379,921 kilograms of milk marketed amounted to $4,137,532.25, or an average of $1.93 per hundred kilograms. Under the regulations of the pool, producers were charged haulage to the nearest milk processing plant that existed when the dairy enterprise was established.

In response to plant closures, the Board and industry stakeholders agreed that when a milk producer is affected by a plant closure, the following would apply:

1) Any producer whose trucking rate is greater than the provincial average would continue to have his monthly trucking calculated on the same distance factor as if the plant had not closed.

2) Any producer in the affected area whose trucking rate was below the provincial average would have his rate increased one year later to the provincial monthly average for the preceding months.

The transportation cost comparison is depicted in Table II.

TABLE II (Unaudited)

TRANSPORTATION VOLUMES AND RATES, 1990 - 2000

Year	Volume Transported (kg)	Average Rate $/Per 100 kilograms
2000	214,379,921	1.93
1999	210,369,201	1.95
1998	208,339,287	1.95
1997	212,147,426	2.17
1996	202,916,979	2.16
1995	210,811,203	2.14
1994	205,056,638	2.09
1993	201,186,781	2.07
1992	210,966,378	2.07
1991	211,695,642	2.07
1990	218,332,205	1.99

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

MILK CONTROL BOARD ACTIVITIES

The Board members strive to accommodate the interests of producers, processors and consumers as well as other industry stakeholders.

During 2000, there were no changes in the Board structure. The Board held six meetings during the year. Board members also spent numerous days attending various committee meetings, as well as maintaining contact with local milk committees, producers and industry organizations.

The Milk Control Board held six district meetings in 2000. These meetings provided producers with information on current issues regarding Western Milk Pooling, Multiple Component Pricing, quota transfer policies, quota swapping and other issues the dairy industry should consider. The information obtained from these meetings assisted the Board and Advisory Committees in developing the appropriate policies and procedures for Saskatchewan's dairy industry.

The Board members, together with members of the Quota Advisory Committee, attended five meetings of the Canadian Milk Supply Management Committee. The Board members also served on the negotiating subcommittee and Secretariat to the C.M.S.M.C.

During 2000, the Board's Western Milk Pool Coordinating Committee participated in five meetings.

SASKATCHEWAN MILK CONTROL BOARD

Over the past year communications with producers have received a high priority to address the broad range of changes regarding producers. It has been especially important to keep producers abreast of developments and to respond to inquiries as the industry adjusts to new quotas, pricing and World Trade rules. The Saskatchewan Milk Control Board's monthly newsletter is a publication that strives to provide information in a timely and concise manner. It serves to keep stakeholders informed of developments pertaining to marketing and other issues. Feedback indicates that this has been effective in improving the communication link between the Board and producers.

The Board gratefully acknowledges the contributions of committee members, and is indebted for the advice, support and cooperation extended to it by all sectors of the dairy industry.

At year end, there were six people on the Board's permanent staff. The Board wishes to thank all of the staff for their hard work and loyalty during another very busy year.

LEGISLATION

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Federal Government has jurisdiction over the industrial milk pricing, administered through a federal-provincial agreement known as the National Milk Marketing Plan.

Special Milk Classes were established on August 1, 1995, to provide milk to other food processors and exporters at competitive prices, consistent with Canada's commitment under the trade agreements. The Special Class Pooling Agreement includes all nine participating provinces. Prices of Special Class Milk components are uniformly adjusted across the nine provinces on a regular basis.

BOARD FINANCES

Financing of the operation of the Board was derived from assessment fees levied on producers and processors, processor license fees and interest on investments.

THE MILK CONTROL BOARD OF SASKATCHEWAN, MANAGEMENT REPORT 2000

The management of The Milk Control Board of Saskatchewan is responsible for the integrity of the accompanying financial statements and all other information in this Annual Report. It is the responsibility of management to prepare financial statements in accordance with generally accepted accounting principles in Canada.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on the following page.

The financial statements have been examined and approved by the Board.

Gerry Gartner
Chief Executive Officer
Regina, Saskatchewan
March 16, 2001

J.A. Frass
Administrative Officer

MILK CONTROL BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Milk Control Board as at December 31, 2000 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
March 16, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

MILK CONTROL BOARD
BALANCE SHEET
As at December 31

	2000	1999
ASSETS		
Cash	$ 1,177,290	$ 1,344,190
Accounts receivable	6,335,167	5,877,194
	7,512,457	7,221,384
Capital assets (Note 3)	20,101	21,718
	$ 7,532,558	$ 7,243,102
LIABILITIES AND NET ASSETS		
Accounts payable	$ 7,317,731	$ 6,877,395
Net assets (Statement 2)	214,827	365,707
	$ 7,532,558	$ 7,243,102

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended December 31

	Budget 2000 (Note 6)	Actual 2000	Actual 1999
Revenue:			
Milk sold to processors	$113,000,000	$119,152,584	$100,448,791
Special Class Pool and Western Milk Pool (Note 4)	—	1,171,887	15,747,637
Milk Pool administration and assessment fees	660,000	686,016	673,180
Interest	60,000	106,778	55,178
Milk quality penalties	100,000	88,023	93,880
Licence fees and miscellaneous	5,000	2,525	3,622
	113,825,000	121,207,813	117,022,288
Expenses:			
Milk purchased from producers	113,000,000	120,324,472	116,196,428
Salaries	350,000	439,900	369,804
Milk pool administration expense	115,000	119,897	139,415
Cost of production study	15,000	26,479	25,882
Travel, sustenance and vehicle expense	134,000	145,638	126,096
Rent	48,000	47,955	45,630
Administrative expense	36,000	66,137	36,096
Employee benefits	45,000	45,444	35,640
Disposal of unsaleable milk	50,000	90,803	29,294
Honoraria	30,000	45,176	44,729
Amortization	8,000	6,792	8,842
	113,831,000	121,358,693	117,057,856
(Deficit) for the year	$ (6,000)	(150,880)	(35,568)
Net assets, beginning of year		365,707	401,275
Net assets, end of year - to Statement 1		$ 214,827	$ 365,707

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
STATEMENT OF CASH FLOWS
Year Ended December 31

	2000	1999
Cash Flows From Operating Activities:		
Cash receipts from customers	$ 120,642,546	$118,619,011
Cash paid to suppliers and employees	(120,866,390)	(117,811,496)
Other	62,118	7,439
Cash flows (used in) from operating activities	(161,726)	814,954
Cash Flows From Investing Activities:		
Purchase of capital assets	(5,174)	(17,158)
Net (decrease) increase in cash during the year	(166,900)	797,796
Cash position, beginning of year	1,344,190	546,394
Cash position, end of year	$ 1,177,290	$ 1,344,190

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000

1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are as follows:

a) Accrual Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Capital Assets

Office furniture and equipment is recorded at cost less accumulated amortization.

Office furniture and equipment is amortized over its estimated useful life using the straight-line method at 20% per annum.

c) Accounts Receivable and Accounts Payable

These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution or sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

The Board is responsible for the milk purchased from producers and milk sold to processors. The necessary collections and payments are administered by the Board's agent, Dairyworld Foods Limited (Dairyworld).

3. Capital Assets

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Office furniture and equipment	$50,388	$30,287	$20,101	$ 21,718

4. Special Class Pool and Western Milk Pool

Effective August 1, 1995, the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). This arrangement provides for pooling of revenues from sales of milk components in special classes of milk sold in domestic and external markets. The Special Class Pool is administered by CDC.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of revenues from sales of milk in all classes including the Special Class Pool amount for the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. The Western Milk Pool is administered by CDC.

Based on each province's monthly sales, CDC will either distribute a portion of, or require a contribution to, the Special Class Pool and Western Milk Pool.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2000	1999
Various expenses	$ 75,112	$ 77,665

In addition, the Board pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

6. Budget

The budget for the 2000 year was approved by the Board on January 21, 2000.

SASKATCHEWAN MILK CONTROL BOARD

TABLE III (Unaudited)

TOTAL WHOLE MILK REQUIREMENTS, NUMBER OF MILK PRODUCERS AND AVERAGE DAILY PRODUCTION 1999-2000 (KG)

MONTH	YEAR	WHOLE MILK REQUIREMENTS	TOTAL PRODUCTION	NUMBER OF PRODUCERS	DAILY AVERAGE PER PRODUCER
January	1999	7,397,846	17,581,802	409	1,387
	2000	**6,968,032**	**18,201,592**	**397**	**1,479**
February	1999	6,599,933	16,320,362	408	1,429
	2000	**6,797,259**	**17,224,270**	**397**	**1,496**
March	1999	7,624,706	18,295,840	407	1,450
	2000	**7,256,495**	**18,492,151**	**392**	**1,521**
April	1999	7,433,804	17,739,114	404	1,464
	2000	**6,691,641**	**18,076,237**	**390**	**1,545**
May	1999	7,134,869	18,403,677	403	1,473
	2000	**7,015,555**	**18,863,385**	**387**	**1,572**
June	1999	6,676,897	17,883,040	401	1,487
	2000	**6,679,996**	**18,202,336**	**384**	**1,580**
July	1999	6,401,588	18,161,731	400	1,465
	2000	**6,250,539**	**18,361,773**	**381**	**1,555**
August	1999	7,051,028	17,798,057	399	1,439
	2000	**6,369,652**	**18,021,984**	**373**	**1,559**
September	1999	6,762,383	16,901,305	400	1,408
	2000	**6,930,901**	**17,180,572**	**368**	**1,556**
October	1999	7,201,180	17,076,309	400	1,377
	2000	**7,057,706**	**17,310,750**	**366**	**1,526**
November	1999	7,183,766	16,581,620	399	1,385
	2000	**6,930,657**	**16,731,267**	**362**	**1,541**
December	1999	7,242,064	17,626,344	399	1,425
	2000	**7,000,353**	**17,713,604**	**359**	**1,592**
TOTALS	1999	84,710,061	210,369,201	402	1,434
	2000	**81,948,786**	**214,379,921**	**380**	**1,541**
% Change		-3.26	+1.91	-5.47	+7.46

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SASKATCHEWAN MILK CONTROL BOARD

TABLE IV (Unaudited)

TOTAL KILOGRAMS OF BUTTERFAT SHIPPED IN SASKATCHEWAN BY MONTH AND DAIRY YEAR

Month	1995/96	1996/97	1997/98	1998/99	1999/2000
August	632,322	598,064	633,340	597,282	621,698
September	613,769	585,118	623,199	600,376	613,031
October	638,950	612,521	649,227	628,317	643,445
November	616,606	589,943	622,716	610,613	625,326
December	638,378	617,580	644,142	634,519	656,079
January	636,197	627,465	646,282	644,745	667,328
February	599,647	580,895	588,522	592,902	626,629
March	651,346	652,966	667,114	662,506	670,459
April	621,493	641,834	641,526	637,674	653,353
May	631,491	660,277	652,221	658,346	669,913
June	596,273	631,822	615,554	624,687	639,230
July	602,355	639,580	604,806	632,366	638,573
Total	**7,478,827**	**7,438,065**	**7,588,649**	**7,524,333**	**7,725,064**

SASKATCHEWAN MILK CONTROL BOARD

TABLE V (Unaudited)

TOTAL SALES OF MILK & CREAM IN LITRES BY SIZE OF CONTAINERS
JANUARY 1, 2000 - DECEMBER 31, 2000

SIZE OF CONTAINERS	YEAR	FLUID MILK PRODUCTS	% OF TOTAL	CREAM	% OF TOTAL	TOTAL ALL PRODUCTS	% OF TOTAL
20 LITRES	1999	503,380	.63	12,280	.44	515,660	.62
	2000	253,420	.33	120	.00	253,540	.31
15 LITRES	1999	805,740	1.01	-----	---	805,740	.98
	2000	985,845	1.27	-----	---	985,845	1.23
10 LITRES	1999	30	-----	192,270	6.95	192,300	.23
	2000	31,570	.04	272,170	10.20	303,740	.38
4 LITRES	1999	38,090,688	47.69	------	------	38,090,688	46.10
	2000	40,747,216	52.49	------	------	40,747,216	50.75
2 LITRES	1999	31,983,920	40.05	------	------	31,983,920	38.71
	2000	28,086,596	36.18	------	------	28,086,596	34.98
1 LITRE	1999	5,716,965	7.16	647,926	23.40	6,364,891	7.70
	2000	4,889,683	6.30	670,442	25.11	5,560,125	6.92
500 ML.	1999	1,438,544	1.80	1,045,007	37.75	2,483,551	3.01
	2000	1,345,156	1.73	892,508	33.43	2,237,664	2.78
400 ml	1999	20,575	.02	------	------	20,575	.02
	2000	22,460	.03	------	------	22,460	.03
375 ML.	1999	12,289	.02	------	------	12,289	.01
	2000	8,374	.01	------	------	8,374	.01
250 ML.	1999	1,199,400	1.50	172,909	6.25	1,372,309	1.66
	2000	1,148,152	1.48	140,814	5.28	1,288,966	1.61
200 ml	1999	835	------	------	------	835	------
	2000	4,217	.01	------	------	4,217	.01
120 ML.	1999	70,298	.09	------	------	70,298	.09
	2000	80,643	.10	------	------	80,643	.10
CREAMETTES	1999	20,413	.03	697,936	25.21	718,349	.87
	2000	20,181	.03	693,561	25.98	713,742	.89
TOTALS	1999	79,863,077	100.00	2,768,328	100.00	82,631,405	100.00
	2000	77,623,513	100.00	2,669,615	100.00	80,293,128	100.00

SASKATCHEWAN MILK CONTROL BOARD

TABLE VI (Unaudited)

PROVINCIAL AVERAGE BUTTERFAT, PROTEIN AND LACTOSE & OTHER SOLIDS TESTS --- BY MONTH 1999 - 2000

MONTH	YEAR	BUTTERFAT	PROTEIN	LACTOSE & OTHER SOLIDS
January	1999	3.6671	3.2961	5.5263
	2000	**3.6663**	**3.2501**	**5.5488**
February	1999	3.6329	3.2635	5.7444
	2000	**3.6380**	**3.2295**	**5.5559**
March	1999	3.6211	3.2581	5.5600
	2000	**3.6256**	**3.2029**	**5.5496**
April	1999	3.5947	3.2065	5.5837
	2000	**3.6144**	**3.1949**	**5.5725**
May	1999	3.5772	3.1922	5.5594
	2000	**3.5514**	**3.1605**	**5.5340**
June	1999	3.4932	3.1748	5.5574
	2000	**3.518**	**3.1728**	**5.5268**
July	1999	3.4819	3.1573	5.5442
	2000	**3.4777**	**3.1337**	**5.5287**
August	1999	3.4931	3.1586	5.5191
	2000	**3.4866**	**3.1420**	**5.5331**
September	1999	3.6271	3.2552	5.5075
	2000	**3.6471**	**3.2775**	**5.5194**
October	1999	3.7681	3.3313	5.4914
	2000	**3.7785**	**3.3373**	**5.5031**
November	1999	3.7712	3.3062	5.5061
	2000	**3.7755**	**3.3288**	**5.5140**
December	1999	3.7206	3.2777	5.5081
	2000	**3.7376**	**3.3206**	**5.5538**
Weighted ave	1999	3.6188	3.2357	5.5451
Tests	**2000**	**3.6237**	**3.2275**	**5.5370**
% Change		+0.14	-0.25	-0.15

SASKATCHEWAN MILK CONTROL BOARD

TABLE VII (unaudited)

SCHEDULE OF BASIC TRANSPORTATION CHARGES BASED ON PRODUCER MONTHLY PRODUCTION

KG PRODUCED MONTHLY	2000
Min. Charge - 9,000	**$1.275**
9,001 - 13,600	**1.245**
13,601 - 18,100	**1.215**
18,101 - 22,600	**1.170**
22,601 - 27,200	**1.154**
27,201 - 31,700	**1.139**
31,701 - 36,200	**1.125**
36,201 - 40,800	**1.110**
40,801 - 45,300	**1.094**
45,301 - 49,900	**1.079**
49,901 - 54,400	**1.066**
54,401 - 58,900	**1.048**
58,901 - 63,500	**1.034**
63,501 - 68,000	**1.020**
68,001 - 72,600	**1.003**
72,601 - 77,100	**.990**
77,101 - 81,600	**.974**
81,601 - 86,200	**.943**
86,201 - and over	**.943**

Distance to be based on the air kilometres between the producer and a point determined by the Milk Control Board.

Haulage rate based on kilometres plus weight formula.

A kilometre rate of 1.50 cents (.0150) per kilometre per 100 kilograms.

SASKATCHEWAN MILK CONTROL BOARD

THE MILK CONTROL BOARD, 2000 PERSONAL SERVICES (unaudited)

Listed are individuals excluding unionized employees, who received payments for salaries, taxable benefits, honoraria, travel, etc., which totalled $2,500 or more.

	Salaries & Taxable Benefits	Travel	Total
Staff			
Gerry Gartner	$ 96,391.02	$33,036.50	$129,427.52
Stan H. Barber	$ 96,779.97 1/	$14,844.53	111,624.50
Mary Ann Costron	44,391.00		44,391.00
Robert J. Ford	72,736.75 2/		72,736.75
Jerry A. Frass	57,873.00	6,230.21	64,103.21
Unionized Employees	98,883.92	2,577.20	101,461.12
Accrued Vacation	26,680.58		26,680.58
Other		820.96	820.96
Sub Total	$440,375.08	$57,509.40	$497,884.48

	Honoraria	Travel	Total
M.C.B. Members			
Stan H. Barber	$ 3,100.00	4,965.70	8,065.70
Leonard Blocka	$ 3,642.50	$ 10,631.26	14,273.76
David Christensen	2,673.75	3,073.23	5,746.98
Leo Fuhr	16,215.00	25,554.92	41,769.92
Lee Ann Tessier	2,247.50	2,497.72	4,745.22
Sub Total	$ 27,878.75	$ 46,722.83	$ 74,601.58
Dairy Industry Committee			
Leo Bertoia	$ 3,410.00	$ 15,298.44	$ 18,708.44
Henry Friesen	5,783.44	16,345.08	22,128.52
Other	8,258.87	9,762.42	18,021.29
Sub Total	$ 17,452.31	$ 41,405.94	$ 58,858.25

Supplier Payments:

Listed are payees who received $20,000 or more for providing goods and services including office supplies, advertising, contracts and equipment, etc.

Payments to producers			$120,324,471.47
Dairyworld Foods			80,510.76
Agriculture and Food			39,386.00
Wheatland Accounting			30,926.20
Unsaleable milk 3/			90,802.59
O & Y Enterprise Saskatchewan			39,797.84
Payees under $20,000			121,455,04
Sub Total			$120,727,349.90
GRAND TOTAL	$485,706.14	$145,638.17	$121,358,694.21

1/ includes $68,967.61 vacation upon retirement
2/ includes $48,834.29 vacation and pay in lieu of notice
3/ milk below quality standards